

IN THE
Circuit Court of the United States,
FOR THE NORTHERN DIVISION OF THE
NORTHERN DISTRICT OF ILLINOIS.

IN EQUITY.

LEON F. DOUGLASS
vs.
AMERICAN GRAPHOPHONE CO.

No. 25,199.

Cross Bill.

COPY OF THE PLEADINGS.

BILL OF COMPLAINT.

The American Graphophone Company, a corporation duly organized under the laws of the State of West Virginia, and having its principal office in Washington, in the District of Columbia, brings this its bill of complaint against Leon F. Douglass, a resident of Chicago, in the State of Illinois, and an inhabitant of the Northern Division of the Northern Judicial District of said state.

I.

And thereupon your orator complains and says that on or about the 1st day of August, 1897, said Leon F. Douglass entered the employ of your orator as the manager of the Chicago office of the Columbia Phonograph Company, your orator's selling agent, and continued in that capacity until about the 1st day of March, 1898; that during the period of employ-

ment of said Douglass as aforesaid he was permitted and encouraged by your orator to devote a portion of his time to experimenting with a view to making and developing inventions relating to the art of recording and reproducing sounds for your orator's benefit; that on or about the said 1st day of March, 1898, said Douglass having expressed a desire to be relieved of the duties of office management and to devote his entire time and effort to experimentation and invention, the terms of his employment were modified, to take effect said 1st day of March, 1898; and that under said modified terms said Douglass was to receive a salary of \$5,000 per annum; all necessary expenditures in connection with such work to be paid by your orator; all inventions made by said defendant to be owned by your orator, and all applications for patents filed by said defendant to be assigned to your orator.

II.

And your orator further shows that it equipped a laboratory for use of said Douglass with tools, machinery and appliances, at large expense; that it paid his salary and expenses and the salaries of his assistants, and faithfully executed and fulfilled all the terms of its agreement with said defendant; and that your orator was and is entitled to an assignment from said defendant of any patent or application for patent for inventions made or developed by said Douglass during the period of his employment by your orator.

III.

And further your orator shows that, although said Douglass has filed applications for patents based on the results of work done by him while in the employ of your orator, as aforesaid, he has not assigned to your orator any invention, application or patent whatever, but, although requested so to do, has refused and still refuses.

IV.

And further your orator shows that said Douglass filed, on February 14, 1898, an application for a patent for improvement in talking machines for which a patent was issued to him November 8, 1898, numbered 613,670, to which patent your orator is justly entitled; and further on information and belief your orator alleges that in the early part of the year 1899, at a date unknown to your orator, said Douglass filed an application for a patent for an invention which he claims to have made during the period of his employment as aforesaid, said application being substantially for a talking machine or graphophone having a mandrel of large diameter (about six inches) combined with means for rotating the same at the customary speed of one hundred and twenty revolutions per minute, whereby the volume and distinctness of the reproduced sounds are increased; and that your orator is unable to give a specific reference to the date and serial number of said application for the reason that said Douglass, in disregard and fraud of your orator's rights, refuses to disclose the same to your orator.

V.

And your orator further avers that the matter here in dispute is of a value greater than two thousand dollars, exclusive of interest and costs.

And forasmuch as your orator can have no relief save in this Honorable Court, your orator prays as follows:

1. That said defendant be directed by a decree of this Honorable Court to assign, convey and transfer to your orator the entire right, title and interest, free from all lien or encumbrance, in and to the said patent and application for patent.

2. That pending the hearing and determination of this cause said defendant be enjoined from parting with said patent or said application for patent, or either of them, or with any interest therein, and from granting any right or license thereto, or in any manner impairing the rights of your orator in respect thereto.

3. That said defendant be required to account for and pay to your orator all his gains and profits from the manufacture

and sale of the things covered by said patent and application.

4. That your orator may have such other and further relief as the equity of the case may require and as to this court may seem just.

To the end, therefore, that the defendant may, if he can, show why your orator should not have the relief hereby prayed, and may full, true and direct answer make—but not under oath, answer under oath being expressly waived—according to the best and utmost of his knowledge, information, remembrance and belief, to the several matters hereinbefore averred and set forth as fully and particularly as if the same were repeated, paragraph by paragraph, and said defendant thereto specifically interrogated;

May it please your Honors to grant unto your orator a writ of *subpoena and respondendum*, issuing out of and under the seal of this Honorable Court, directed to said defendant, Leon F. Douglass, commanding him to appear and make answer to this bill of complaint, and to perform and abide by such order and decree herein as to this court shall seem just.

And your orator will ever pray.

[CORPORATE SEAL.]

AMERICAN GRAPHOPHONE CO.

By EDWARD D. EASTON,

President.

POOLE & BROWN,

Its Solicitors.

PHILIP MAURO,

TAYLOR E. BROWN,

Of Counsel.

COUNTY AND STATE OF NEW YORK, SS.

Edward D. Easton, being duly sworn, deposes and says that he is the president of the American Graphophone Company named as complainant in the foregoing bill of complaint; that he has read the same and knows the contents thereof, and that the same is true of his own personal knowledge, save as to the matters therein stated to be alleged upon information and belief, and that as to those matters he believes it to be true; and that the seal affixed to said bill is the corporate seal of said complainant and was by him affixed to said bill by authority of said corporation.

[NOTARIAL SEAL.]

ELISHA KELLER,

Notary Public.

ANSWER.

CIRCUIT COURT OF THE UNITED STATES, NORTHERN DISTRICT
OF ILLINOIS.

In Equity.

American Graphophone Company

vs.

Leon F. Douglass.

*The answer of Leon F. Douglass to the bill of complaint of
the American Graphophone Company:*

This defendant, now and at all times hereafter saving and reserving unto himself all benefits and advantages of exception which can or may be had or taken to the many errors, uncertainties and other imperfections in the said complainant's bill of complaint contained, for answer thereto, or to so much and such parts thereof as he is advised is material or necessary to make answer unto, answering, says:

I.

That as to whether the complainant is a corporation organized and existing under the laws of the State of West Virginia, as alleged in said bill of complaint, this defendant does not know and is not informed, save by said bill, and therefore leaves the complainant to make such proof thereof as it may be advised is material.

II.

This defendant admits that on or about the 1st day of August, 1897, he entered the employ of the complainant as manager of the Chicago office of the Columbia Phonograph Company, the complainant's selling agent, and continued in that capacity until about the first day of March, 1898, when the terms of the employment were modified, not, however, as alleged at the request of this defendant, and this defendant was

relieved of the management of said office and allowed to devote his entire time and effort to experimentation and invention, and that under such modified arrangement this defendant was to receive a salary of five thousand dollars per annum, all necessary expenditures in connection with the work to be paid by the complainant, and all inventions made by the defendant while so employed to be owned by the complainant, and all applications for patents upon such inventions filed by this defendant to be assigned to the complainant.

III.

This defendant further answering admits that the complainant equipped a laboratory for use of this defendant with tools, machinery and appliances at some, though not large, expense; that it paid this defendant's salary and expenses and the salaries of his assistants, and that it executed and fulfilled the terms of the employment upon its part. But this defendant denies that the complainant is entitled to any assignment from this defendant of any patent or application for patent for any invention made by this defendant, except such as were made during the period of his employment for experimentation and invention, to wit: for the period between the 1st day of March, 1898, and the 1st day of October, 1898, when defendant's employment ceased.

IV.

This defendant denies that he has filed any applications for patents based on the results of work done by him while in the employ of the complainant as an experimenter and inventor, and avers that he has not been requested by the complainant to file any application for patent thereon.

V.

This defendant further says that he has been ready at all times and is now ready to make application for letters patent on all inventions made by him while so employed as experimenter and inventor, and to assign the same to the complainant, and has never declined or refused so to do.

VI.

The defendant further answering admits that he filed an application in the Patent Office on the 14th day of February, 1898, for an improvement in talking machines, upon which a patent was issued on November 8, 1898, No. 613,670. But this defendant denies that the complainant is entitled to said patent or to the invention forming the subject-matter thereof, because he says the invention was neither made nor perfected during this defendant's said employment by the complainant. This defendant further says that it is not in his power to assign said patent to complainant, because the invention was assigned by him to Charles Dickinson on the 7th day of February, 1898, before the application for said patent was filed; that said patent in pursuance to said assignment was issued to said Dickinson as the assignee of this defendant in conformity to the law, and that said Dickinson still owns the same, as this defendant is informed and believes.

VII.

Defendant further says that he had no interest in said patent at the time this suit was brought and has none now, and prays the same benefit of this defense as though the same had been set up by plea.

VIII.

This defendant further answering admits that in the early part of the year 1899 he filed an application for patent on talking machine having a mandril of large diameter combined with means for rotating the same at the customary speed of 120 revolutions per minute. But this defendant denies that he ever claimed to have made said invention during the period of his said employment by complainant, and denies that said invention was made while he was employed by the complainant as either manager or as experimenter and inventor, and he avers on the contrary that the same was made by him long prior to his said employment alleged in said bill and is not an invention which he is under any obligation to assign to the complainant.

IX.

Wherefore, and for the causes aforesaid, this defendant wholly denies the equity of complainant's bill herein and all manner of wrongful and unlawful acts wherewith in the said bill of complaint he is charged, and further denies the right of the complainant to the relief and each and every part thereof alleged against this defendant in said bill of complaint, and submits that he should not be compelled to make any other or further answer than that herein contained.

All of which matters and things this defendant is ready and willing to aver, maintain and prove as this Honorable court shall direct, and said defendant prays the same benefit from this answer as if he had demurred to the said bill where a demurrer would have been proper, and pleaded to the said bill where a plea would have been proper, and humbly prays to be hence dismissed with its reasonable costs and charges in this behalf most wrongfully sustained.

LEON F. DOUGLASS.

MUNDAY, EVARTS & ADCOCK,
Solicitors.

CROSS-BILL.

To the Honorable Judges of the Circuit Court of the United States for the Northern Division of the Northern District of Illinois,

IN CHANCERY SITTING.

I. Leon F. Douglass, a citizen of the United States and a resident of Chicago, in said Northern Division of the Northern District of Illinois, brings this his cross-bill of complaint against the American Graphophone Company, which company in its bill of complaint filed in this court, against your orator, alleges that it is a corporation organized and existing under the laws of the State of West Virginia, and having its principal office in the city of Washington, in the District of Columbia.

2. Your orator shows unto your Honors that on June 5, 1899, said American Graphophone Company brought its certain bill of complaint in this court against your orator to compel your orator to assign to said company a certain application for patent alleged to have been filed in the early part of the year 1899 by your orator for a talking machine or graphophone, having a mandrel of large diameter (about six inches) combined with means for rotating the same at the customary speed of 120 revolutions per minute, whereby the volume and distinctness of the reproduced sounds are increased; and to compel your orator to account for and pay over to said company all his gains and profits from the manufacture and sale of the invention covered by said application for patent; and to enjoin your orator pending the hearing from parting with said application for patent, or with any interest therein, and from granting any right or license thereto or in any manner impairing the alleged rights of said company in respect thereto; the ground for said relief so asked being that your orator was alleged to have made the invention of said application for patent during a certain period of time beginning March 1, 1898, and ending October 1, 1898, while your orator was in the employ of said company as an experimentalist, and under obligation to assign to said company all inventions made by him during said period. And your orator further shows that in due course he filed his answer to said bill of complaint and denied that said American Graphophone Company had any right or title to his said application for patent, or the invention covered thereby, and among other things alleged the fact to be that your orator had made said invention long before he entered into the employment of said American Graphophone Company. And thereupon in due course said American Graphophone Company filed its replication to your orator's said answer, and said cause is now at issue, and still pending and undetermined in this court.

3. And your orator further shows that said application for patent so referred to in said bill of complaint as having been filed by your orator in the early part of the year 1899, is in fact your orator's certain application for patent, Serial No. 704,508, filed February 4, 1899, in the United States Patent Office; and that the invention described and claimed and sought to be patented therein is an improvement in the art of making sound records on the wax-like tablets or cylinders of talking machines, and consists in the discovery that by materially increasing or substantially doubling the surface speed of the wax-like

revolving tablet on which the sound record is formed by the usual method of cutting or engraving, a very substantial improvement in the loudness and quality of the sound record results in the reproduction of such sound record over that of the old art wherein the surface speed customarily in use was from 687 to 824 inches per minute; that said invention of said application is present and its results accomplished when the wax-like cylinder or tablet of the talking machine is given a surface speed of 1,200 inches or more per minute in making the sound record; and said invention is the improvement in talking machines now in commercial use under the familiar names of Graphophone Grand, Concert Phonograph and Little Jumbo; in the two former of which a cylinder or tablet of large diameter (five inches) is employed and rotated at the customary speed of from 100 to 120 revolutions per minute, the same being a surface speed of from 1,570 to 1,884 inches per minute, and in the latter of which (the Little Jumbo) the ordinary 2 3-16 inch diameter of cylinder or tablet is employed and rotated at double the customary number of revolutions per minute, the same being a surface speed of from 1,374 to 1,649 inches per minute.

4. Your orator further shows that he is the original and first inventor of the invention shown and described in and forming the subject of his said application for patent, Serial No. 704,508, and now in commercial use under said names Graphophone Grand, Concert Phonograph and Little Jumbo; and that he had made said invention, disclosed it to others and fully demonstrated it and reduced it to practice by actual use long prior to said date, March 1, 1898, when he entered the employ of said American Graphophone Company as experimentalist; and that long prior to said date, March 1st, 1898, he disclosed and communicated said invention to said American Graphophone Company and to its president, Edward D. Easton.

5. Your orator further shows that after he had as aforesaid disclosed and communicated said invention to said American Graphophone Company and its president, E. D. Easton, said American Graphophone Company and its said president, thereafter, to wit: on or about October 18, 1898, and at various times subsequent to said date, in October and November, 1898, acknowledged to your orator that your orator was the first inventor and owner of said invention by various acts, doings, words and letters in which your orator was treated and recognized by said company and its president as such inventor

and owner, without on its or their part asserting any inventorship or right or title to said invention in or to any other party, and without laying any claim to said invention, and also by permitting your orator to state, that said invention was your orator's without making any protest or assertion of adverse inventorship or ownership. And that said American Graphophone Company by reason of the foregoing, is in equity and by right ought to be forever estopped from asserting or claiming that any other person than your orator is the inventor and owner of said invention.

6. Your orator further shows that after he had so disclosed and communicated said invention to said American Graphophone Company and its said president, and after he had asserted to said American Graphophone Company and its said president that said invention was his, said American Graphophone Company and its president caused its employe and factory manager, one Thomas H. Macdonald, unjustly and wrongfully to file in the Patent Office of the United States on December 5, 1898, an application for patent, Serial No. 698,328, on said invention, and to assign the same to said American Graphophone Company, and the same was so filed and assigned.

7. Your orator further shows that thereafter, and on or about December 31, 1898, said American Graphophone Company and its said president attempted to deter and delay your orator from filing his said application for patent on said invention by conveying to your orator the false information that said American Graphophone Company had already taken out patents on said invention in all European countries as well as in Japan, and that said patents were already allowed; and by causing its attorney to wrongfully advise your orator that your orator was under obligation to assign his said invention to said American Graphophone Company; and also by holding out to your orator in the shape of a telegram a meaningless promise to the effect that your orator would be given by said American Graphophone Company full credit for said invention. And your orator relying for some time upon the fact that said American Graphophone Company did recognize and treat him as the inventor of the said invention, did not file his application in the Patent Office until February 4, 1899, and not until after said American Graphophone Company had caused its said employe, Macdonald, to file his said application and assign the same to said American Graphophone Company, as aforesaid.

8. Your orator further shows that thereafter, to wit: on July 1, 1899, the Patent Office of the United States declared a certain interference proceeding, No. 20,090, between your orator on the one side and Thomas H. Macdonald, assignor to said American Graphophone Company, on the other side, for the purpose of determining who was the first inventor of said invention set forth in your orator's said application, Serial No. 704,508, and Macdonald's said application, Serial No. 698,328.

And in due course testimony was taken by both sides in said interference, and the same has been duly printed and filed in the Patent Office of the United States. And your orator further shows that on or about February 21, 1900, a stipulation in writing was duly made and entered into between the parties to said suit, the American Graphophone Company as complainant and your orator as defendant, whereby it was agreed that a printed copy of the record and testimony in said interference No. 20,090 may be filed and used as evidence in said cause with the same force and effect as if originally taken therein. And that the only other testimony yet taken on either side in said suit is the deposition of said American Graphophone Company's president, Edward D. Easton, taken on behalf of said American Graphophone Company.

9. Your orator further shows that the testimony and record taken, printed and filed in said interference suit, and so stipulated as aforesaid into said cause, shows the fact to be, and the fact is, that said Macdonald is not the first inventor of said invention and that your orator is the first inventor thereof; that your orator had conceived the invention and had reduced the same to practice by actual use before the said Macdonald even pretends to have conceived it, and that Macdonald is not an original inventor at all of said invention.

10. And your orator further shows that said Macdonald's said application for patent thus wrongfully caused to be filed by said American Graphophone Company, and said interference proceeding thus wrongfully and inequitably brought by said American Graphophone Company, and said American Graphophone Company's said alleged claim of title to and ownership of your orator's said application for patent, are each and all clouds upon your orator's title to said invention and unjustly hamper and hinder your orator in exercising his right in and ownership of your orator's said invention and application for patent, and such cloud upon your orator's title to said invention and application for patent ought in equity to be removed.

11. Your orator further shows that said American Graphophone Company as assignee of said Macdonald's said application for patent in said interference proceeding in the Patent Office, asserts and pretends that said Macdonald is the original and first inventor of said invention, while at the same time in its said suit in this court it claims title to said invention through your orator as the original and first inventor. And your orator further shows that by reason of said American Graphophone Company's bill of complaint herein filed as aforesaid, said American Graphophone Company is, and of right ought to be, estopped in equity from asserting in this court that your orator is not the original and first inventor of said invention to which it claims title through your orator as inventor.

12. And your orator further shows that said American Graphophone Company, well knowing the premises, and sometimes confederating with others to your orator unknown (but whom when discovered your orator prays leave to make defendants hereto), but contriving to injure your orator and deprive him of the benefits and advantages which might and otherwise would accrue to him, after the date when your orator disclosed and communicated his said invention to said American Graphophone Company, and previous to the filing of this cross-bill, at Chicago in the said Northern Division of the Northern District of Illinois, and other parts of the United States, without the license or consent of your orator, and without right and contrary to equity, did, unlawfully and wrongfully make or caused to be made, used or caused to be used, vend, or caused to be vended, talking machine tablets or cylinders and machines known as the Graphophone Grand, expressly designed to practice said invention, and in which said invention inheres, and since about December 1, 1898, so made, used and sold large numbers of said talking machine tablets or cylinders and machines containing said invention, and still continues and threatens to continue so to do, and has made and realized large profits and advantages from the making, using and vending of your orator's said invention, to which profits and advantages your orator is in equity entitled and whereof he prays a discovery. And your orator is informed and believes, and charges the fact to be, that already said American Graphophone Company by its wrongful acts as aforesaid, has made and realized profits and advantages from its unlawful use, manufacture and sale of your orator's said invention amounting to not less than \$300,000, which in equity belong to your orator as the rightful owner of said invention. And your

orator further shows that the market for said invention is thus, by the wrongful acts of said American Graphophone Company, as aforesaid, being forestalled while said American Graphophone Company is unjustly hindering your orator from obtaining his patent for said invention.

13. Your orator further shows that by reason of said application of said Macdonald so filed and assigned as aforesaid, and said interference proceeding resulting therefrom, the issuance of the patent to your orator upon his said application, has been already greatly delayed, is still being, and will still further be greatly delayed, of which delay said American Graphophone Company has been and is now taking advantage, and will continue and threatens to continue to take advantage by forestalling the market for said invention, as before stated; and that your orator has no other adequate remedy save by this cross-bill either to protect his rights by injunction or to recover the profits and advantages said American Graphophone Company has wrongfully received and derived from its unlawful manufacture and sale of said invention.

14. All of which acts and doings of the said American Graphophone Company are contrary to equity and good conscience, and tend to the great loss and injury of your orator, and cause him great damage, and have deprived and are still depriving him of great gains and profits which he might and otherwise would have obtained and received.

15. To the end, therefore, that said American Graphophone Company may, if it can, show why your orator should not have the relief hereby prayed, and may, according to the best and utmost of its knowledge, remembrance, information and belief, true, direct and perfect answer make to all and singular the matters aforesaid (your orator hereby waiving, pursuant to the statute, the necessity of the answer of said American Graphophone Company being put in under oath), and that as fully and particularly as if the same were here repeated and it was distinctly interrogated thereto.

16. And forasmuch as the said American Graphophone Company has voluntarily come into this court and asked that your orator be compelled to assign to it all right and title in and to said invention and said application for patent therefor, and has asked that your orator be enjoined from exercising his ownership of said invention, and has asked that your orator be compelled to account for and pay over to it all gains and profits that your orator may have made by the practice of his said in-

vention, and because full justice cannot otherwise be done between the parties in relation to the subject-matter in litigation in said original bill, and because your orator has no adequate or sufficient relief under the strict rules of the common law, your orator prays as follows:

That said American Graphophone Company be decreed to have no right or title whatever in or to your orator's said invention, or your orator's said application for patent therefor.

That said American Graphophone Company's alleged claim of title to said invention through your orator as inventor, and to your orator's said application for patent be decreed to be without right, force, effect or validity.

That your orator be decreed to be the inventor and owner of said invention and to have good right and title thereto and to his said application for patent therefor.

That your orator be decreed to be of right entitled to receive a patent for said invention upon his said application as the original and first inventor thereof, as against the alleged claim of said American Graphophone Company to receive a patent therefor as assignee of said application for patent of its employe, Thomas H. Macdonald.

That the said American Graphophone Company, its agents, servants, attorneys and employes be perpetually enjoined from asserting title to or ownership of said invention through said application of said Macdonald, and also from further prosecuting said Macdonald's application in the Patent Office.

That said American Graphophone Company be decreed to account for and pay over to your orator all profits and advantages by it acquired and the damages by your orator sustained from the aforesaid unlawful acts of said American Graphophone Company.

That said American Graphophone Company, its agents, employes, servants, workmen and attorneys be perpetually enjoined from directly or indirectly making or causing to be made, using or causing to be used, vending or causing to be vended, said Graphophone Grand or other talking machine tablets or cylinders and machines containing or specially designed and constructed for practicing your orator's said invention, or in any way counterfeiting or imitating your orator's said invention.

Also that said American Graphophone Company and the persons aforesaid be enjoined as aforesaid provisionally and pending this suit; also that said American Graphophone Company be decreed to pay the costs of this suit to be taxed, and

that your orator may have such further or other relief in the premises as the nature of the circumstances of this case may require and to your Honors shall seem meet.

May it please your Honors to grant unto your orator a writ of injunction issuing out of and under the seal of this Honorable Court to be directed to the said American Graphophone Company and its attorneys, solicitors, agents and servants commanding them, and each of them, as hereinbefore prayed.

May it please your Honors, the said American Graphophone Company being already in this court by its said bill of complaint, to order said American Graphophone Company to answer the premises set forth in this your orator's cross-bill, and further to stand to, perform and abide such order and decree herein as to your Honors shall seem agreeable to equity and good conscience. And your orator will ever pray, etc.

(Signed) LEON F. DOUGLASS,
MUNDAY, EVARTS & ADCOCK,
Solicitors.

(Signed) JOHN W. MUNDAY,
EDMUND ADCOCK,
Of Counsel.

STATE OF ILLINOIS, }
COUNTY OF COOK. } ss.

On this 12th day of April, A. D. 1900, before me personally appeared Leon F. Douglass, the complainant in the above cross-bill, and made oath that he has read the above bill by him subscribed, and knows the contents thereof, and that the same is true of his own knowledge, except as to matters which are therein stated on information and belief, and as to those matters he believes it to be true.

H. M. MUNDAY,
Notary Public. [NOTARIAL SEAL.]

IN THE
Circuit Court of the United States,
FOR THE NORTHERN DIVISION OF THE
NORTHERN DISTRICT OF ILLINOIS.

IN EQUITY.

LEON F. DOUGLASS	}	No. 25,199.
<i>v.s.</i>		
AMERICAN GRAPHOPHONE CO.		Cross Bill.

Brief in Opposition to the Demurrer.

STATEMENT OF THE CASE.

The thing or subject-matter in litigation as set forth in the original bill (so far as concerns the cross-bill and the demurrer thereto) is a certain invention now commonly known as the "Graphophone Grand," the same being described and claimed in a certain application for patent of Leon F. Douglass now pending in the Patent Office.

The original bill in effect charges that Douglass made this invention during a certain period of time when he was in the employ of the complainant as an experimentalist, and under agreement to assign inventions he might make, applications for patents and patents to be granted thereon, to the complainant, the American Graphophone Company.

The relief prayed in the original bill is:

(a) That Douglass assign to the company his pending application for patent on this invention.

(b) That he be enjoined pending the hearing from assigning or encumbering the property, "from granting any right or license thereto," or "in manner impairing the rights of your orator in respect thereto."

(c) "That said defendant be required to account for and pay to your orator all his gains and profits from the manufacture and sale of the things covered by said application."

(d) The usual general prayer for other and further relief.

The answer admits that Douglass made the invention in controversy and that he has filed the application for patent thereon referred to in the original bill, but alleges the fact to be that he made said invention long prior to his employment as experimentalist for the company, and that he is consequently under no obligation to assign the invention and application for patent to the company.

The proofs already taken in the case show, beyond peradventure of doubt, that Douglass in fact did make the invention forming the subject of his said application long prior to his entering the employ of the company, and that consequently Douglass himself and not the company is of right and in equity the real owner of the invention or property in controversy, and that he himself and not the company is consequently entitled to a decree establishing his title to the property, and to the incidental relief which the complainant in the original bill prays for itself in relation to such property, to wit: an injunction against "in any manner impairing the rights of your orator in re-

spect thereto," and in regard to accounting for and paying over the "gains and profits from the manufacture and sale of the thing covered by said application."

And as it developed on the proofs already taken, that the company has in fact made large "gains and profits from the manufacture and sale of the thing covered by said application," it is obvious that full and complete justice cannot be done between the parties under the original bill in respect to the invention, property or subject-matter in controversy therein, nor full and complete relief had in relation thereto, because under the original bill no decree could be entered, giving any affirmative relief to the defendant Douglass.

The proof already taken under the original bill also develops the fact that after Douglass had fully disclosed and communicated the invention in controversy to the company, the company, something over a year after this disclosure attempted to wrongfully and fraudulently obtain color of title to the invention or property in question by causing its servant and employe, one Thomas H. Macdonald, to file an application for patent in his name describing and claiming this same invention for the benefit of the company, the application being assigned by the servant or employe to the company; and that the company is now prosecuting its claim of title in this way in the Patent Office.

It is obvious, therefore, that it would be impossible, under the original bill alone to obtain complete relief to all the parties as to the thing or matter in controversy, in the original bill, to wit: the ownership of the invention forming the subject of Douglass' pending application for patent, and the accounting and paying over of the "gains and

profits from the manufacture and sale of the thing covered by said application." To give full relief and do full justice between both parties who claim title to this property—this invention and the gains and profits which have been made from its manufacture and sale—it is obviously necessary that the court should on the one hand, under the pleadings filed in the case be able to decree (if the facts should show that the company is the real owner) that Douglass has no title thereto and that he account for and pay over the gains and profits he has derived from its manufacture and sale, and that he be enjoined from doing anything to interfere with or impair the company's rights thereto, or to cause any cloud upon the company's title. And, on the other hand, that the court should, under the pleadings filed in the case, be able to decree similar relief to Douglass if it should turn out from the facts in the case that Douglass and not the company is the real owner of the invention or property in question.

The cross-bill in effect charges that Douglass and not the company is the real owner in right and equity of the invention or property in controversy in the original bill, that he made the invention prior to entering the employ of the company, that he communicated the invention to the company, that after he had so communicated it to the company it wrongfully began to manufacture and sell the same, and has derived great gains and profits therefrom; and that to cause delay in the issuance of the patent to Douglass and to cloud Douglass' title thereto, the company wrongfully caused its servant to file an application for patent in said servant's name and to assign the same to the company, and that the company is now prosecuting said claim in the Patent Office.

The relief prayed in the cross-bill on behalf of Douglass is practically the same as that prayed in the original bill on behalf of the company, its effect and substance being that Douglass be decreed to be the owner of the invention or property in controversy, that the company be enjoined from impairing his right thereto and from doing things to cloud his title thereto, and that the company account for and pay over to him the gains and profits derived by it from the wrongful manufacture and sale of said property, and such other incidental relief as Douglass would of course be entitled to if the court decrees that he and not the company is the real owner of the invention and application for patent.

ARGUMENT.

At the hearing and in the suggestions filed by counsel in support of the demurrer, it was urged that there were two general reasons why the demurrer to the cross-bill should be sustained. First, because the subject-matter of the cross-bill was not germane to the original bill; and secondly, because the cross-bill is multifarious.

We submit that the cross-bill is germane to the original bill, because:

1. *The subject-matter* in controversy or property in litigation is the same in each, to wit: the invention known as the Graphophone Grand and which is described in Douglass' pending application for patent.

2. *The question to be determined* in both the original bill and the cross-bill is likewise the same, to wit: the ownership of this invention.

3. *The relief asked* in both the original bill and in the cross-bill is likewise the same, to wit: that the court may decree which of the parties is the owner of this property, quiet such parties' title thereto by removing clouds created by the other, and compel the other to account for and pay over the gains and profits wrongfully made by the other and enjoin the other from in any manner impairing the rights of the owner in respect thereto. This is the substance and effect of the prayer in the original bill and in that of the cross-bill. And the relief prayed in each, excepting as to the decree finding one or the other party to be the owner, is incidental to this main relief and follows from the main relief determining the ownership.

The cross-bill, it is thus plain, is germane to the original bill, relates to the same subject-matter, involves the same questions and prays similar relief according as one or the other party may be determined by the court to be the owner.

The fact alleged in the cross-bill that the company is endeavoring to disquiet or cloud Douglass' title by two different kinds of wrongful acts, to wit: an assertion of title through Douglass and an assertion of title through its servant Macdonald after Douglass had disclosed the invention to said company, does not change the nature of the property in litigation nor the nature of the relief asked,—the decree that Douglass is the owner and the removal of the cloud. Each different fraudulent or inequitable act that the company may have done in its attempt to wrongfully deprive Douglass of his invention does not change the invention or subject-matter in controversy; nor the real question for the court to determine which is whether or not Douglass is the owner, and what relief the owner should have in the premises.

In the brief or suggestions on the hearing of the demurrer filed by Mr. Brown on behalf of the company in support of the demurrer, the statement of the relief prayed in the original bill omits entirely the following prayer, which we quote from the original bill:

"3. That said defendant be required to account for and pay to your orator all the gains and profits from the manufacture and sale of the things covered by the said patent and the application."

And based upon this erroneous and defective statement of the relief prayed in the original bill, it is urged in counsel's brief that the cross-bill is defective, because it prays a like accounting and paying over the profits on

behalf of the cross-complainant. The untenability, if not absurdity of this position, needs no comment.

The cross-bill is not multifarious because, first, it relates entirely to one piece of property, to wit: Douglass' invention known as the Graphophone Grand and shown and described in his pending application. Second, because it raises and asks the court to determine but a single question, to wit: the ownership of this invention. Third, because each and every prayer for relief in the cross-bill is in respect to the determination of this ownership or for relief incidental to the determination thereof.

The original bill asks the court to determine from the evidence that Douglas made this invention while he was in the employ of the company as experimentalist; that the company is, therefore, the real-owner; that Douglass be compelled to assign, and also account for and pay over gains and profits, and that he be enjoined from in any manner impairing the rights of the company therein.

The cross-bill asks the court to determine from this same evidence that Douglass made this same invention prior to his employment by the company as experimentalist; that he and not the company is the real owner; that the company account for and pay over gains and profits, and that it be enjoined from in any manner impairing Douglass' rights therein, and especially against certain acts specified in the bill which it is charged with doing through Macdonald and tending to impair Douglass' rights or cloud his title.

After the court shall have determined that Douglass is the real owner of the invention in controversy and that the company has no right thereto, the incidental relief prayed in the cross-bill that the company account for and

pay over gains and profits and be enjoined from further asserting title thereto and from further manufacture and sale of the invention, and from in any manner impairing Douglass' rights therein, and such other and further incidental relief as to the court may seem proper, necessarily follows from this principal determination or decree that Douglass and not the company is the real owner. It does not make a bill multifarious to pray all the incidental relief, which under all the circumstances and facts of the case may flow from the principal finding as to the right and title of the parties to the property in question.

Counsel mistakes the meaning of multifariousness. It is possible properly in a bill of complaint to charge a single wrong which may have, however, many and diverse manifestations, without the bill becoming multifarious, even though each of these many and diverse manifestations of the single wrong are specifically and severally charged in the bill. A familiar example of such a bill is one charging the single wrong of an infringement by a defendant of a patent owned by the complainant. This single wrong may have several diverse manifestations, in making, in using, and in selling the infringing device; or in making two or more infringing devices, or in selling or in using one or another infringing device. The bill does not become multifarious simply because the wrong has many aspects. So in this case the single wrong complained of in the cross-bill is the claim by the company of the ownership of this invention and its wrongful taking possession of the same. And it does not make the bill multifarious because there are many manifestations of this wrong, for example, the attempt to prevent Douglass from obtaining possession by the fraudulent Macdonald application, etc.

In this case the court acquires jurisdiction by reason of the diverse citizenship of the parties and the further circumstance that the amount in controversy is more than \$2,000. And in such cases this court is one of general jurisdiction, with full chancery powers. In such cases its jurisdiction is not confined in any manner to any special class of rights or causes. And it is a well settled maxim that a court of general jurisdiction is not in any way ousted or impaired by a statute granting to some other tribunal jurisdiction over certain matters. In such case both courts have jurisdiction, one by reason of the special statute conferring, and the other because it is a court of general jurisdiction.

The patent statute does not confer sole and exclusive jurisdiction upon the Commissioner of Patents and his subordinate clerks and officers to determine, even in an interference proceeding, questions of inventorship and priority. Consequently any court of general chancery powers and jurisdiction may, upon occasion, determine these questions, or any of them, in any case before the court wherein they properly arise, or where their determination may be necessary to do complete justice between the parties. Nor does it make any difference with respect to such question concerning inventions and the property rights thereunder, whether the patent for the invention be granted or not. Because the property right in the invention exists in the inventor, in such form that it may be assigned, transferred, or protected in the owner even before the patent is granted. The following extracts will indicate the law in this respect:

"The general law declares beforehand that the right to the patent belongs to him who is the first inventor, even before the patent is granted; therefore,

any person, who, knowing that another is the first inventor, proceeds to construct a machine, acts at his peril, with a full knowledge of the law."

Justice Washington, in *Evans v. Weiss*, 8 Fed. Cas., 889.

"Inventions lawfully secured by letters patent are the property of the inventors, and as such the franchise and the patented product are as much entitled to legal protection as any other species of property, real or personal. *They are, indeed, property, even before they are patented*, and continue to be such without that protection until the inventor abandons the same to the public."

Justice Clifford in *Jones v. Sewall*, 6 Fish., 343.

"Where a patent has been applied for on an invention, the court has jurisdiction to grant an injunction to restrain its infringement pending the hearing."

Syllabus to opinion by WALKER, J., in *Butler v. Ball*, 28 Fed. Rep., 754.

Even if the Patent Office or any of the clerks or officers therein were a court, which, however, is not the fact, the statute directing what this executive officer shall do to guide his discretion in granting the patent where there are two conflicting claimants therefor, would not in any way tend to oust the United States Circuit Court of its jurisdiction in determining such questions where it gets jurisdiction of the parties by diverse citizenship and thus is a court of general jurisdiction. Because the statute does not confer sole and exclusive jurisdiction upon the patent commissioner and his clerks. The United States Circuit Court has full power and jurisdiction to determine

questions of priority of invention in any case before it, entirely independent of the fact that the examiner of interferences, the board of examiners in chief, the commissioner of patents in person or the Court of Appeals for the District of Columbia have successively passed upon such questions or not.

Moreover, the examiner of interferences and other tribunals in the patent office are in no sense courts. And a person cannot be deprived of his property in an invention any more than he can his property in his farm or in his horse without due process of law, and without having his day in court. Congress could not pass a statute conferring sole and exclusive jurisdiction upon the Commissioner of Patents or any other executive officer to determine finally a person's right to his invention. This could only be done by a court. All that the interference proceeding in the Patent Office is intended or designed to do is simply to guide the commissioner in the proper exercise of his discretion in the performance of the regular executive, but sometimes *quasi* judicial, duties of his office.

"An interference case is one in which there are two or more applicants instead of one for the same invention or discovery. The parties are the United States and the applicants. In such cases the commissioner of patents decides whether either of the applicants is entitled to a patent, and, having determined that question, he decides which of the applicants is entitled to priority—that is, which was the first to do the several things which entitled him to a patent. No appeal was allowed in interference cases from the decision of the commissioner. Where a patent in an interference case was refused by the commissioner of patents, or, in other cases, where the patent was refused by the Supreme Court of the District of Columbia sitting *in banc*, the remedy was a bill in equity in the Circuit Court of the United States having cog-

nizance thereof. The purpose of this legislation is apparent. The constitution and the laws give a property right in his invention or discovery to an inventor, and it was the manifest legislative intent that such inventor should not be deprived of his property right in his invention until he had had his day in a court in which the party aggrieved by the determination of an executive officer might pursue his remedy judicially according to the practice of a court of chancery. The hearing and determination in the Supreme Court of the District of Columbia sitting *in banc*, while in a court having appellate jurisdiction in cases at law and equity, was a proceeding in aid of the jurisdiction of the Patent Office, and consisted simply in reviewing the decision of an executive officer on the identical state of facts before that officer. The determination of that court worked no change in the nature of the proceeding. This is manifest from the fact that if the hearing and determination of the case on appeal to the Supreme Court of the District of Columbia sitting *in banc* were to be regarded as a hearing and determination of a strictly judicial character it is hardly to be supposed that after such judicial hearing and determination the question of the applicant's right to a patent would be allowed to be heard *de novo* by a bill in equity in a Circuit Court. These views are supported by *ex parte Greely*, (4 O. G., 612; 6 Fish., 575; Fed. Cas., No. 5,745;) *in re Squire*, (C. D., 1877, 388; 12 O. G., 1025; 3 Ban & Ard., 133; Fed. Cas., No. 13,269;) *Whipple v. Miner*, (C. D., 1883, 303; 23 O. G., 2236; 15 Fed. Rep., 117;) *Butler v. Shaw*, (21 Fed. Rep., 321;) *Butterworth v. Hoe*, (C. D., 1884, 429; 29 O. G., 615; 112 U. S., 50;) *Gandy v. Marble*, (C. D., 1887, 413; 39 O. G., 1423; 122 U. S., 432).

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The Appellate Court hears and decides an executive or administrative question in the aid of the Patent Office on the record made up in that office, while the Circuit Court hears the case upon a bill in equity in due course of judicial procedure, not only on the evidence heard by the commissioner of patents

and the Court of Appeals, but upon such additional evidence as either party to the suit may choose to present. The trial before the Court of Appeals is restricted and is in aid of an executive duty rather than a judicial hearing. The trial in the Circuit Court is in the strictest sense a judicial hearing by original bill, with all the powers of a court of equity at the service of the parties to the suit. The salutary principle that an inventor shall have his day in court and a right to a judicial hearing before being finally barred of his right to a patent, secured by section 4915 of the Revised Statutes, in my opinion remains unaffected by the act to establish the Court of Appeals of the District of Columbia." (*Bernardin v. Northall*, C. D., 1897, 330-331.)

The original bill, in effect, charges Douglass with wrongful possession of the invention or property in question. And if while thus in wrongful possession Douglass has wasted the property, or converted it to his own use, undoubtedly the complainant would have a right to recover in this same suit whatever profit Douglass may have made. The pleader saw this plainly enough, and hence he inserted in the original bill a prayer for precisely that relief—that Douglass should account for and pay over all the gains and profits from the manufacture and sale of the things covered by the pending application for a patent. The pleader well understood that the complainant in the original bill was entitled to this relief even though the patent had not been granted, and simply on general equitable principles, that he who keeps wrongful possession of another's property and makes personal gain thereby must, in equity, turn that gain over to the owner of the property. But even if there could be any doubt about this the complainant in the original bill is estopped by this prayer from denying it. Having prayed for this very relief it does not lie in the mouth of the complainant

in the original bill to say that it is improper to be granted.

It follows from the foregoing also that the complainant in the original bill had a right to ask that Douglass should be enjoined from further waste of the property. And hence it might have prayed—even if it has not already done so, by the second prayer in the original bill—that Douglass be enjoined from making, using and selling the things covered by said pending application.

Now if it shall turn out to be the fact, as is alleged in the cross-bill, that the company and not Douglass is the one who is in the wrongful possession of this invention or property, and has been wasting it and making gains and profits thereby to the injury of Douglass, why ought not the court to require the company to pay over these profits to Douglass? And why may not the court in like manner enjoin the company from further waste of this property? What is sauce for the goose is sauce for the gander, at least in all chancery proceedings. He who seeks equity must do equity. When the company being itself in wrongful possession of the property, and itself engaged in wasting the same, and making profits thereby, comes into court and asks that the real owner of the property be compelled to turn it over and be enjoined from impairing it and be compelled to pay over all profits, this amounts in equity to saying if it shall turn out that you own the property, then in like manner we will turn it over to you; we will stop further waste of the same and will pay you whatever profits we have made out of it. This is in equity necessarily the attitude of the complainant in the original bill. And the cross-bill in this case is simply a device in pleading to enable the court to do for the defendant what justice and equity require. It cannot be said in such case as this, either, that the court is without jurisdiction

to do for one party what the other party asks may be done for it; nor can it be said that the plaint by the defendant which asks for such similar relief is not germane.

The point was made that the court could not in this litigation enjoin the commissioner of patents or his clerks from granting the patent, and hence the cross-bill ought not to lie. We see no reason why the court might not enjoin any one from doing a wrongful act. Its jurisdiction is sufficient, and its chancery powers great enough. But this contention is all beside the mark, because the cross-bill does not ask for any such relief. The cross-bill only asks that the original complainant be enjoined from acts which tend to impair the value and cloud the title of the property in controversy. The rights and duties of the commissioner of patents under the law do not and cannot enter as a question. Doubtless the commissioner of patents, however, will see that any order of this court against the company shall be given full force and effect in his office.

Again, the point is made that this court should not interfere with Thomas H. Macdonald to prevent him from obtaining a patent on his invention, if he be entitled to one, or to enjoin him from prosecuting his application in the Patent Office now there in interference with Douglass' application. But the cross-bill does not ask for any such relief, nor any relief against Thomas H. Macdonald whatever, and no decree entered herein under the cross-bill could have any effect upon Macdonald's rights, whatever they may be. No injunction is asked against Macdonald, and no recovery from him. The relief is asked against the company which employs Macdonald, and the recovery from that company. And the decree could only affect him in so far as he acts as the servant and agent

of the company. There is therefore nothing in this contention.

The point is made that this court cannot properly decide an interference contest pending in the Patent Office under the statute in that case made and provided; that this is the purpose of the cross-bill alone, and hence said bill ought not to be permitted for lack of jurisdiction. The answer to this is that the cross-bill does not ask the court to decide the interference contest in the Patent Office, nor to order the commissioner of patents to decide it in a particular way. All that the cross-bill asks is that the original complainant herein be prevented from impairing the value of and clouding the title to the property or invention, the ownership of which is here in litigation, by enjoining said company from prosecuting a fraudulent application in the Patent Office.

It is true that the determination of the decree based on the cross-bill may require the court to enquire when Douglass made the invention in controversy; but this is no more than what the original bill requires. Said original bill insists that Douglass made the invention during a certain period; the answer insists that he made it before this period, and the court must decide that question, even under the original pleadings. And in order to determine when Douglass made the invention it will be necessary in any case to determine a number of facts: (a) what the invention consists in, (b) when Douglass conceived it, (c) when Douglass reduced it to practice. And it is true that the commissioner of patents would have to determine the same things in deciding the interference. But it does not follow that in deciding them for the necessities of this case, that the court is deciding the interference by any means. The court is simply deciding

whether or not the complainant company ought to be permitted to prosecute the interference. So there is nothing in this contention.

The point is made that the first two prayers of the cross-bill ask for relief which might and would be given by a decree under the original bill in favor of the defendant, and hence that said prayers cannot afford ground for a cross-bill. The answer to this is that if it be true that the first two prayers ask only for relief which might be given to the defendant on the original pleadings this fact is quite immaterial, provided the other relief sought is such as could not be given to the defendant on the original pleadings. We never heard before that it was bad pleading to pray in a cross-bill for the relief which might be obtained on the original pleadings if such prayer be supplemented by a prayer for other relief. But it is not in fact true that the first and second prayers are of this character. The first prayer asks the court to decree affirmatively that the company has no right or title to the invention or property in controversy. Under this prayer the court could decree that the company has not title in *any* way to the property, either growing out of its alleged claim through Douglass or through any other source. The ownership of this property is here now in contest before this court. It is the duty of litigants to bring forward and have determined all their sources of title. And the decree should be such as would quiet the title forever in the rightful owner, and as between the parties. Hence it is not true that under the original pleadings or a decree of dismissal of the original bill for want of equity, the relief asked in the first prayer could be obtained. Because such a decree might not so quiet the title. And especially is this true when it already appears in the cross-bill that

the company is presently claiming title through another source, namely, the fraudulent application of its servant, Macdonald. And unless Douglass is granted an affirmative decree as against this company, that he is the owner of the property and that the company is not, the company may harass Douglass by still other trumped up claims of title, which it may be even now holding up its sleeve.

And even as to the second prayer the contention of counsel is not true because this second prayer asks for an *affirmative finding* in Douglass' behalf which a mere order or decree of dismissal of the original bill would not be the equivalent of. It may be true that in order to dismiss the bill for want of equity the court would be obliged to find what is asked for in this second prayer of the cross-bill; but that is no good reason why Douglass should not have an affirmative decree which would be of value to him, and forever dispose of that question.

The fourth, fifth, sixth, seventh and eighth prayers of the cross-bill which are objected to on the demurrer as not being germane and as being multifarious are incidental to the principle relief asked—that Douglass and not the company be decreed to be the owner of the invention in question—and these prayers are necessary to fully quiet and establish Douglass' ownership and title and remove clouds, and to give complete relief and do full justice between the parties in relation to the property in controversy. These prayers are also germane, similar to and substantially the equivalents of the second and third prayers of the original bill asking that Douglass be enjoined from "in any manner impairing the right of" the company in respect to the invention, and that Douglass be "required to account for and pay to your orator all his gains and profits from the manufacture and sale

of the things covered by said application." An injunction against Douglass prohibiting him from "in any manner impairing the rights" of the company in respect to the invention is in effect substantially the equivalent of a prayer for injunction against manufacture or sale and against all acts tending to cloud or cumber the title by setting up or prosecuting in the Patent Office applications in the name of Douglass' agents, servants, employes or attorneys. These prayers of the cross-bill are thus strictly germane and analogous to the corresponding prayers of the original bill, and as they are for incidental and necessary relief to do full justice and give full relief in relation to the property in question they do not make the bill multifarious.

It is erroneously stated in the brief or suggestions filed in support of the demurrer that the Macdonald application was filed before the Graphophone Company had information of Douglass' claim of ownership. This is a misstatement of the cross-bill and also of the actual facts. The proofs show and the cross-bill states that Douglass communicated the invention to the company long prior to the company's filing, through its servant, the Macdonald application. It is also urged that Macdonald has rights which would be determined, but the real actual fact is, and the cross-bill so states, that Macdonald has assigned his application to the company, and that Macdonald has in fact no interest except as a servant and officer, and perhaps also as a possible stockholder of the company, and the cross-bill asks no relief as against him.

It was erroneously stated at the hearing that the examiner of interferences had decided on the evidence before him that Macdonald was the prior inventor. This is a mistake. The fact is that the examiner of interferences

has, on the contrary, decided that Douglass was the original and prior inventor, and such is the actual fact. The examiner of interferences, however, erroneously held that notwithstanding the fact that Douglass was the original and prior inventor of the invention, he was estopped from obtaining the patent by certain circumstances which the examiner misunderstood the effect of.

Wherefore, we submit: That the court has full and complete jurisdiction to entertain the cross-bill and grant the relief therein prayed; that the cross-bill is in no sense multifarious because it asks the court to decide a single question—the ownership of the property in controversy, to decree that ownership, to quiet the title thereto, and to grant incidental relief concerning the same; and finally that the cross-bill is germane to the original bill and suit, because the cross-bill concerns the same property and its ownership, calls for a decision of the same question upon the same proof, and asks for the same relief.

Very respectfully submitted.

MUNDAY, EVARTS and ADCOCK,
Solicitors for Cross-Complainant Douglass.

Chicago, May 31, 1900.